

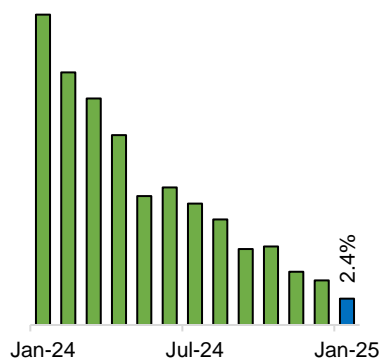
Day Break

Monday, February 3, 2025

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Securities

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Exhibit: Monthly CPI trend



Source: IGI Research, PBS

Inflation

Jan-25: CPI Drops to More Than 9 Year Low; Prints +2.41%y/y Growth

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Jan-25, headline CPI registered a +2.41%y (up by +0.20%m) growth compared to previous month, +4.07%y (up +0.06%m).
- Slowdown in monthly CPI reading was mainly led by lower food prices. However, higher transport prices and quarterly house rent adjustment restricted overall decline in CPI. On yearly basis, inflation slowed down mainly due to lower food prices and high base effect. As a result, 7MFY25 average inflation stands at 6.6% compared to 28.7% in the similar period last year.
- After posting a substantial decline in Jan-25 mainly due to high base effect and lower food prices, inflation is expected to rise pick up in coming months before rising substantially from May-25 onwards owing to low base effect. Potential adjustment in energy prices and any further indirect taxes to meet revenue requirement along with rise in oil prices remain key risk to inflation outlook. We expect CPI to average between 6-7% for FY25.

Jan-25: Inflation prints 2.41%y/y, up by +0.2%m/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Jan-25, headline CPI registered a +2.41%y (up by +0.20%m) growth compared to previous month, +4.07%y (up +0.06%m). Slowdown in monthly CPI reading was mainly led by lower food prices. However, higher transport prices and quarterly house rent adjustment restricted overall decline in CPI. On yearly basis, inflation slowed down mainly due to lower food prices and high base effect. As a result, 7MFY25 average inflation stands at 6.6% compared to 28.7% in the similar period last year.

Exhibit: Monthly National Consumer Price Index (CPI) growth estimates

Estimated For the month of: January, 2025

	Wt.	y/y	m/m	7MFY25	7MFY24	7MFY23
National	100.0%	2.4%	0.2%	6.6%	28.7%	25.40%
Food	35%	-3.1%	-0.6%	0.2%	31.2%	33.7%
Transport	6%	0.7%	0.9%	-0.4%	25.6%	52.9%
Utility/Rent	24%	1.5%	0.7%	14.3%	25.2%	12.8%
Essentials	17%	12.2%	0.5%	14.2%	18.1%	13.9%
Disc.	18%	8.1%	0.7%	9.2%	38.8%	26.4%

Source: PBS, IGI Research

Analyst

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Stagnant food prices drag overall CPI

Food index declined by 0.6%*m/m* during Jan-25 owing to decline in prices of Eggs, Pulses (Mash and Gram), Potatoes, Tomatoes, Onions and Wheat while prices of Chicken, Cooking Oil, Sugar, Pulses (Moong), Milk, Meat, and Fresh Fruits increased. Housing index increased by +0.7%*m/m* mainly due to quarterly house rent adjustment however, decline in liquid hydrocarbon and electricity charges limited overall increase in housing index.

Transport index increased by +0.9%*m/m*

Transport index inclined by +0.9%*m/m* mainly due to increase in POL product prices and transport services. Increase in Motor fuel and transport services contributed nearly 0.05% to overall CPI.

Urban inflation continues to outpace rural

Urban inflation declined by 0.19%*m/m* to +2.72%*y/y* during the month of Jan-25, whereas rural inflation inclined by +0.22%*m/m* to +1.95%*y/y*.

SPI drops further in Jan-25

Other indices, Wholesale Price Index (WPI) registered a +0.63%*y/y* and 0.2%*m/m* growth during Jan-25. Sensitive Price Index (SPI) recorded a +0.67%*y/y* growth while down by 1.40%*m/m* during the month of Jan-25 compared to +4.21%*y/y* in the preceding month.

Outlook

After posting a substantial decline in Jan-25 mainly due to high base effect and lower food prices, inflation is expected to rise pick up in coming months before rising substantially from May-25 onwards owing to low base effect. Potential adjustment in energy prices and any further indirect taxes to meet revenue requirement along with rise in oil prices remain key risk to inflation outlook. We expect inflation to average between 6-7% for FY25.

Exhibit: National Core-inflation measures												
	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24	May-24	Apr-24	Mar-24	Feb-24
CPI	2.4	4.1	4.9	7.2	6.9	9.6	11.1	12.6	11.8	17.3	20.7	23.1
SPI	0.7	4.2	7.3	9.7	9.2	10.9	15.7	16.4	15.3	21.6	25.9	30.4
WPI	0.6	1.9	2.3	3.9	2.0	6.3	10.4	10.6	9.9	13.9	14.8	18.7
NFNE	8.8	9.1	9.7	9.8	10.4	11.9	13.8	14.1	14.2	15.6	15.7	18.1
Trimmed	5.4	6.3	7.6	6.7	7.2	8.6	10.7	10.6	10.8	14.0	16.2	18.1

Source: PBS, IGI Research

Exhibit: Historical CPI Trend

Headline inflation breaks decades old record

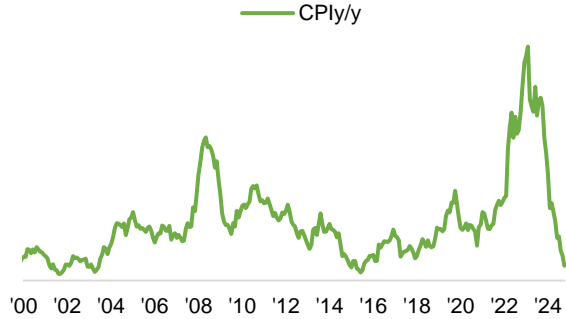


Exhibit: CPI rebased to June

CPI rebased to June shows decline in inflation

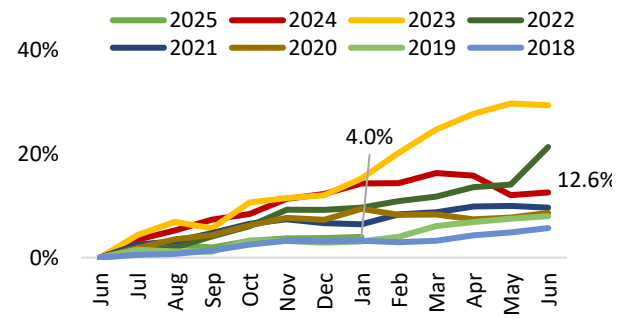
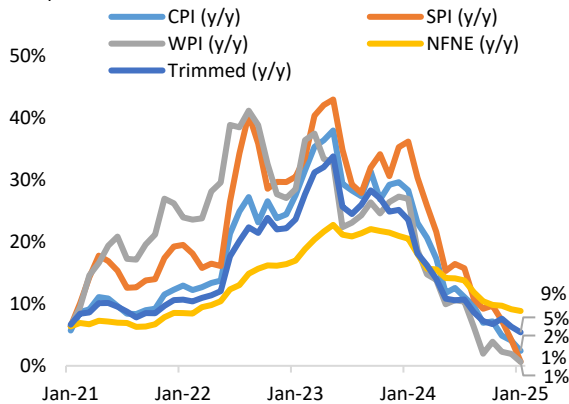


Exhibit: Major Price Indices

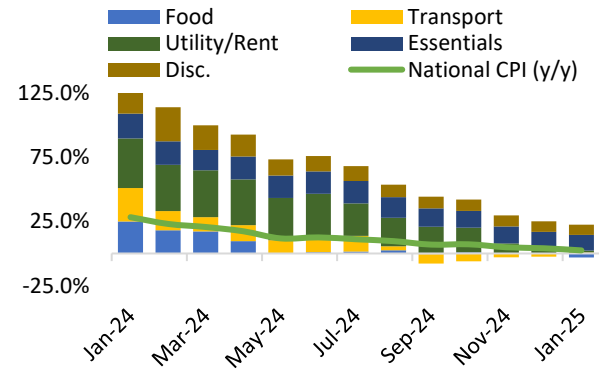
All major indices have depicted a slowdown in growth except for SPI and WPI



Source: PBS, SBP, IGI Research

Exhibit: Percentage point impact of each group on headline figure

Food items have been driving the overall decline in inflation index recently



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